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INFORMATION REPORT

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SUBJECT Traffic Between North Korea and Manchuria

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THIS IS UNEVALUATED INFORMATION

1. A brisk traffic is carried on by peddlers from the Chongjin (129-49, 41-45) area into Nanyang-dong (129-52, 42-57) in North Korea and Tumen (129-50, 42-55) in Manchuria. Because of travel restrictions and border guards, much of the traffic is illegal and devoted to smuggling. To cross the border legally, a traveler must have a permit from the Kirin government and from either the central North Korean government or his local office of internal affairs. All bridges over the Tumen River are guarded, on the North Korean side by army and customs officers, and on the Manchurian by Kirin Province officials in Communist army uniform.
2. Smugglers have two routes in the Nanyang-dong area, one about fifteen kilometers east of the town at Pungin-dong (130-00, 42-55), the other eight kilometers south at Sukupo (approximately 129-55, 42-52). They do not use the patrolled bridges but instead ford the Tumen River; although impossible during the rainy season, it can be crossed easily at shallow water, especially at junctions with tributaries.
3. Although guards on both sides of the border are expected to fire at smugglers if they see them, actually they are not overly conscientious. If a smuggler can get halfway across from the North Korean to the Manchurian side, he is relatively safe from Manchurian fire. The chief products carried in the fall of 1949 were potassium chlorate and sulphadiazine; it was customary for the border crossers to shout from the middle of the river to the Manchurian guards that they were bringing these two items. They were then given a welcome by the Chinese, and the sale of their goods was arranged for them. Morphine, however, is not easy to bring in, and smugglers are severely punished by the Chinese if discovered.
4. After disposing of their wares, the smugglers convert their money payments into such valuables of small bulk as bean oil, or Japanese ruled mine paper. The paper is good quality tracing paper, produced chiefly in Harbin, of which some pre-war stocks exist in Manchuria. This is distinguished from post-war production, which is stamped with the year of its manufacture. Prices are approximately the following:

CLASSIFICATION

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	<u>North Korean won</u>	<u>Manchurian yuan</u>
Postassium chlorate, per pound	4,500 (Hungnam)	40,000-50,000 (Tumen)
Sulphadiazine, American made	?	?
Morphine, per yang	250 (Kilju)	30,000 (Tumen)
Bean oil, per kun	1,200 (Chongjin)	70 (Tumen)
Trading paper	?	?

Although no formal rate of exchange exists between North Korean and Manchurian currency, the usual rate is about 10,000 yuan to 700 won.**

5. The potassium chlorate is manufactured at Hungnam (127-33, 39-52) in large quantities and is used for ammunition. [redacted]

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[redacted] potassium chlorate was exported to Manchuria by the North Korean government in the late summer and fall of 1949 in exchange for food stuffs such as Indian millet, corn, and beans, in order to alleviate the North Korean food shortage. The exact times and means of export from North Korea were not discussed.

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- * [redacted] Comment: The official rate of exchange in October 1949 was given by a Korean trader as 100 North Korean won for 10,000 NEPC [redacted]

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